RECORDATION NO. 22343 FILED.

July 30, 1999

AUG 23 '99

8-00 AM

Mr. Vernon Williams Secretary Surface Transportation Board 1925 K Street NW, Suite 700 Washington, DC 20423

Re:

Texas Railcar Leasing, Inc.

Dear Mr. Williams

I have enclosed an original and one certified copy of the documents described below to be recorded pursuant to Section 11303, Title 49 of the U. S. Code

The document described is a Security Agreement, being a primary document, dated July 30, 1999. A description of the equipment covered by the document is as follows:

1. Eighteen (18) 4,000 cubic foot covered top hopper railcars identified as follows:

TRLX96210	TRLX96620	TRLX96678
TRLX96706	TRLX96774	TRLX96789
TRLX96815	TRLX96845	TRLX96974
TRLX97014	TRLX97132	TRLX97365
TRLX97385	TRLX97408	TRLX97452
TRLX97548	TRLX97698	TRLX97645

2. Debtor's rights, title and interest in and to Car Leasing Agreement No. 97/010028 (including Rider No. 0001) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated May 27, 1997.

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Byron Calcote, Senior Vice President, McAllen National Bank, 1801 So. Col. Rowe Blvd, McAllen, Texas 78502.



MCALLEN NATIONAL BANK

A short summary of the document to appear in the index is as follows:

A security Agreement between Texas railcar Leasing Company, Inc., P.O. Box 1330, McAllen, Texas dated July 30, 1999, covering eighteen (18) 4,000 cubic foot covered top hopper railcars and Debtor's rights, title, and interest in to Car Leasing Agreement No. 97/010028 between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation dated May 29, 1997.

Sincerely yours,

Laker L. Called

Byron Calcote Senior Vice President

STATE OF TEXAS COUNTY OF HIDALGO

This Instrument was acknowledged before me on the 2nd day of August, 1999 by Byron Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.



Notary Public in and for the State of Texas

AUG 23 '99

8-00 AM

•	DATE	JULY	30,	1999	

DEBTOR	TEXAS RAILCAR LEASING COMPANY, INC., A TEXAS CORPORATION	SECURED PARTY	MCALLEN NATIONAL BANK
BUSINESS OR RESIDENCE ADDRESS	P.O. BOX 1330	ADDRESS	1801 S. COL. ROWE BLVD.
CITY, STATE & ZIP CODE	MCALLEN, TX 78502	CITY, STATE & ZIP CODE	MCALLEN, TX 78503

1. Security Interest and Collateral. To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"). Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information): All inventory of Debtor, whether now owned or hereafter acquired and wherever located; EQUIPMENT, FARM PRODUCTS AND CONSUMER GOODS: All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment). All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations. The real estate concerned with the above described crops growing or to be grown is: and the name of the record owner is: The following goods or types of goods: ACCOUNTS AND OTHER RIGHTS TO PAYMENT: Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment in so talready earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, and loans and obligations receivable. SEE SCHEDULE A ATTACHED HERETO AND MADE A PART HEREOF. 邥 (d) GENERAL INTANGIBLES: All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trademarks, customer lists, permits and franchises, the right to use Debtor's name, and tax refunds. together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods. 2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that: Debtor is an individual, a partnership, 🖾 a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement. The Collateral will be used primarily for \square personal, family or household purposes; \square farming operations; 🖾 business purposes. If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is: and the name of the record owner is: _ (d) THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 OF THIS DOCUMENT. ALL OF WHICH ARE MADE A PART HEREOF.
TEXAS RATICAL
TEXAS CORPORE SING COMPANY, INC., A MCALLEN Debtor's Name BYRON over Title: SENIOR VICE PRESIDENI PRESIDENT Вγ

Title:

3. Additional Representations. Werrantise and Agreements. Debtor represents, werrants and agrees that:

(a) Debtor has for will have at the time Debtor sequence ingits in Collateral against all claims or demands of all persons other than Secured Party. Debtor will not set or otherwise dispesses of the Collateral against all claims or demands of all persons other than Secured Party. Debtor will not set or otherwise dispesses of the Collateral of any interests, lens and encumbrances, except the Security Interest, and will defend the Collateral against all claims or demands of all persons other than Secured Party. Debtor will not only the Collateral of the Collateral against all claims or demands of all persons other than Secured Party. Debtor will not only the Collateral of the Collateral against all claims or demands of the Collateral of the Colla

- 4. Lock Box, Collateral Account. If Secured Party so requests at any time (whether before or after the occurrence of an Event of Default), Debtor will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Secured Party. Debtor hereby authorizes and directs Secured Party to deposit into a special collateral account to be established and maintained with Secured Party all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, Secured Party may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations in such order of application as Secured Party may determine, or permit Debtor to withdraw all or any part of the balance on deposit in said collateral account is so established, Debtor agrees that it will promptly deliver to Secured Party, for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to Secured Party in the form received (except for Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received with any funds or property of Debtor.
- 5. Collection Rights of Secured Party. Notwithstanding Secured Party's rights under Section 4 with respect to any and all debt instruments, chattel papers, accounts, and other rights to payment constituting Collateral (including proceeds), Secured Party may at any time (both before and after the occurrence of an Event of Default) notify any account debtor, or any other person obligated to pay any amount due, that such chattel paper, account, or other right to payment has been assigned or transferred to Secured Party for security and shall be paid directly to Secured Party. If Secured Party so requests at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable directly to Secured Party. At any time after Secured Party or Debtor gives such notice to an account debtor or other obligor, Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.
- 6. Assignment of Insurance. Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, indorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.
- 7. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement herein binding on it; (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined); or (B) voluntarily file, or have filled against it involuntarily, a petition under the United States Bankruptcy Code; or (C) if a corporation, partnership, or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, die; or (D) go out of business; (v) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired.
- 8. Remedies upon Event of Default. Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies; (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith. Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, and it notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 7(iv)(IB), all Obligations shall be immediately due and payable without demand or notice thereof. Secured Party is hereby granted a nonexclusive, worldwide and appropriate to the disposition of any Collateral.
- 9. Other Personal Property. Unless at the time Secured Party takes possession of any tangible Collateral, or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor, not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that it was located or to be found upon or within such Collateral.
- 10. Miscellaneous. This Agreement does not contemplate a sale of accounts, or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or artificially only and the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party shall not leave the selection of the bailee or other third person, and Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party may execute this Agreement. This Agreement is appropriate for the purpose of filing, but the failure of Secured Party may execute this Agreement. A carbon, photographic or other reproduction of this Agreement of any provision or application of this Agreement is held unlawful or unenforceable in any respect, such the execution, delivery and performance of this Agreement of the purpose of filing, but the failure of Secured Party and Evercement of this Agreement i

BANKERS SYSTEMS, INC., ST. CLOUD, MN 56302 (1-800-39-2341) FORM M-130 5/17/91

SCHEDULE "A"

1. Eighteen (18) 4,000 cubic foot covered top hopper railcars identified as follows:

TRLX96210	TRLX96620	TRLX96678
TRLX96706	TRLX96774	TRLX96789
TRLX96815	TRLX96845	TRLX96974
TRLX97014	TRLX97132	TRLX97365
TRLX97385	TRLX97408	TRLX97452
TRLX97548	TRLX97698	TRLX97645

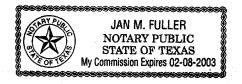
2. Debtor's rights, title, and interest in and to Car Leasing Agreement No. 97/010028 (including Rider No. 0001) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated May 29, 1997.

TEXAS RAILCAR LEASING COMPANY, INC.

By: HENDY NOVELL PRESIDENT

HENRY NOVELL, PRESIDENT

This Instrument was acknowledged before me on the 2nd day of August, 1999 by Byron Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.



Notary public in and for the State of Texas